

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 AGR-10 INT-05 FEA-01 L-03 H-02 JUSE-00

DODE-00 PA-02 PRS-01 NEA-10 EA-09 /149 W

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R 141629Z MAY 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8905

INFO USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: PFOR, PGOV, UN, GW

SUBJECT: "DER SPIEGEL" LEAD ARTICLE ON BRIBERY ABROAD  
BY FRG FIRMS

1. MAY 3 ISSUE OF DER SPIEGEL DEVOTED LEAD ARTICLE TO  
INNUENDO-FILLED DESCRIPTION OF BRIBERY ABROAD BY SIEMENS,  
AIR-METALL AND MANY UNNAMED GERMAN FIRMS, DER SPIEGEL  
IMPLIED THAT BRIBERY IS OPENLY TOLERATED BY GOVERNMENT  
OFFICIALS PROVIDED THAT SUCH CORRUPT PAYMENTS ARE  
DIRECTLY RELATED TO THE OBTAINING OF CONTRACTS. FINANCE  
MINISTRY STATE SECRETARY OFFERGELD WAS QUOTED AS EX-  
PLAINING THAT EITHER A FIRM ENTERS INTO THIS PRACTICE  
OR IS NOT IN BUSINESS.

2. ACCORDING TO SPIEGEL ARTICLE, BRIBERY CAN BE CON-  
SIDERED UNDER GERMAN TAX LEGISLATION AS "USEFUL  
ROYALTIES" AND THEREFORE BE WRITTEN OFF. DER SPIEGEL  
DESCRIBED HOW HANS MATTHOEFER, NOW FRG MINISTER FOR  
RESEARCH AND TECHNOLOGY, TRIED IN 1971 WHEN SPD  
DEVELOPMENT SPOKESMAN TO ABOLISH THIS TAX WRITE-OFF  
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FOR SUCH TYPES OF ROYALTIES. HOWEVER, HE AND HIS SPD

COLLEAGUES HAD NO SUCCESS DUE TO THE PREVAILING OPINION THAT ABOLISHMENT OF PREFERENTIAL TAX TREATMENT WOULD DISADVANTAGE GERMAN COMPANIES OPERATING ABROAD INASMUCH AS BRIBERY PRACTICES ARE WORLD-WIDE. FRENCH AND JAPANESE AUTHORITIES WERE SIGNALLED OUT IN PARTICULAR BY THE MAGAZINE AS GIVING EVEN MORE GENEROUS TAX TREATMENT TO THEIR FIRMS.

3. ACCORDING TO THIS ARTICLE, THE RECENT UNVEILING IN WASHINGTON OF CORRUPT BUSINESS PRACTICES BY LOCKHEED AND OTHER US FIRMS IS REGARDED BY SOME GERMAN BUSINESSMEN AS BEING PROFITABLE FOR THEM IN THE FUTURE. THESE BUSINESSMEN ARGUE THAT WHOEVER NOW BUYS ANYTHING FROM US COMPANIES EXPOSES HIMSELF TO THE GROWING SUSPICION OF HAVING ACCEPTED BRIBES AND PREFERS TO BUY ELSEWHERE.

4. DER SPIEGEL CONCLUDED WITH THE JUDGMENT THAT AN INTERNATIONAL AGREEMENT FOR A CODE OF BEHAVIOR AMONG ALL MAJOR INDUSTRIAL NATIONS WILL NOT BECOME REALITY. IT ALSO DOUBTED THAT ANY ANTI-CORRUPTION CODE WHICH MIGHT BE ACCEPTED BY THE UN WOULD BRING ABOUT SUBSTANTIAL CHANGES. "SUCH A CHARTA, IT MUST BE FEARED, WOULD HAVE THE SAME EFFECT AS A VERDICT OF THE UN AGAINST PROSTITUTION", THE MAGAZINE CONCLUDED.  
HILLENBRAND

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